



***United States Attorney
Southern District of New York***

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**FORMER PRESIDENT OF MONSTER WORLDWIDE, INC., FOUND
GUILTY OF STOCK OPTION BACKDATING FRAUD**

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, announced that JAMES J. TREACY, former Chief Operating Officer and President of recruitment services giant Monster Worldwide, Inc. ("Monster"), was convicted today of one count of securities fraud, and one count of conspiracy to commit securities fraud, file false statements with the United States Securities and Exchange Commission, make false statements to auditors, and falsify books and records, in connection with the backdating of millions of dollars' worth of employee stock option grants at Monster. The jury returned the guilty verdict after a three-week trial before United States District Court Judge JED S. RAKOFF in Manhattan federal court.

According to the evidence at trial:

The grant of stock options -- i.e., the right to purchase company stock at a specific price -- is generally an accepted form of compensation for corporate employees. However, if a company issues stock options that are "in the money" (that is, having an exercise price lower than the current market value of the stock), applicable accounting principles require the company to increase its compensation expenses (thus reducing its earnings) by the amount that the options are "in the money."

In an effort to grant "in the money" options without reporting a corresponding compensation expense, TREACY and other senior executives at Monster systematically backdated option grants between 1997 and 2003 by papering them as though they had occurred on earlier dates when Monster's stock price was at or near a periodic low point. The resulting backdated options were thus "in the money" at the moment they were issued, but because they appeared to have been issued at the fair market price on the earlier date that they were supposedly granted, the need to take a charge against Monster's earnings was fraudulently disguised.

As a result, Monster's public filings with the SEC between 1997 and 2005 understated the company's compensation expenses by over \$300 million. For example, Monster's Form 10-K for 2001 reported that Monster's net income was \$69,020,000. However, after Monster later, in 2006, correctly recorded the appropriate compensation expense for the backdated options, the company's net income for that period dropped to \$3,439,000. TREACY himself, while employed at Monster, received in excess of one million backdated options (adjusted for a stock split and a spin-off of a Monster division) on eight different grant dates. Between December 2005 and April 2006, just before the backdating scheme was disclosed, TREACY exercised approximately 745,000 of those options for a total gain of more than \$24 million.

TREACY and his co-conspirators also made false and misleading statements about their options grant practices to Monster's outside auditors. For example, TREACY signed management representation letters in which he falsely represented that Monster's financial statements were presented in conformity with Generally Accepted Accounting Principles and that there had been no fraud involving management or employees who had significant roles in internal controls.

TREACY faces a total maximum sentence of 20 years in prison on the substantive securities fraud count and five years in prison on the conspiracy count. In addition, on each count, TREACY faces up to three years supervised release and a fine of the greater of \$250,000 or twice the gross gain or loss from the offenses.

TREACY is scheduled to be sentenced by Judge RAKOFF on August 25, 2009 at 4:00 p.m.

Mr. DASSIN praised the investigative work of the USPIS and the Criminal Investigators of the United States Attorney's Office, and thanked the SEC for its assistance in this matter.

Assistant United States Attorneys DEIRDRE A. McEVOY and JOSHUA A. GOLDBERG were in charge of the prosecution.

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